Daily Report

Latin America

FBIS-NES-95-097
Friday
19 May 1995

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FBIS-LAT-95-097 *19 May 1995*

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Andean Justices Reject U.S.-Bolivian Extradition Treaty

PY1705161495 La Paz PRESENCIA in Spanish 28 Apr 95 p 6

[FBIS Translated Text] The presidents of the Supreme Courts of Colombia, Peru, Ecuador, and Venezuela have rejected the U.S. effort to sign an extradition treaty with Bolivia that might include crimes linked to drug trafficking.

The justices are participating in the first meeting of supreme court presidents of Andean Pact countries, which is being held in Sucre, 290 km south of La Paz.

Justices Esteban Jaramillo of Colombia, Moises Pantoja of Peru, Miguel Macias Hurtado of Ecuador, and Hidelgar Rondon of Venezuela have stated that "extradition treaties are generally in opposition to the right of the people to judge their own fellow citizens on their own territory."

Jaramillo said that Colombia "has acted in conformity with its sovereign rights by eliminating from its Constitution, following approval through a plebiscite, the extradition point." His colleague, the president of the Ecuadoran Supreme Court, has proposed that "Andean countries should coordinate their laws, including the ban on extraditions," Radio Panamericana has reported. Macias Hurtado added that "Andean countries have their appropriate courts to judge their citizens in their countries. Sending them abroad is a form of losing sovereignty."

Bolivian Supreme Court President Gualberto Davalos, host of the meeting, had previously expressed his support for the signing of a new extradition treaty between his country and the United States, which will replace the one that is in effect, approved in 1900, but not include cases involving drug trafficking.

CANA: U.S. Willing To Face 'Fallout' Over OAS Candidacy

FL1705220195 Bridgetown CANA in English 1945 GMT 17 May 95

[FBIS Transcribed Text] Washington, May 17, CANA — The U.S. Government has pledged full support for the re-election of Trinidad-born Christopher Thomas, to the post of Assistant Secretary General of the Organisation of American States (OAS). In an interview with CANA, United States Ambassador to the OAS Harriet Babbitt, said the Clinton Administration would support the Caribbean candidate and face the potential political fallout from some quarters of the Latin American community. "It is absolutely true we made an announcement yesterday (Tuesday) that we are supporting Ambassador Thomas's re- election," Ambassador Babbitt said. "He has served the organisation well as assistant secretary general. He served with distinction when he served as Acting Secretary General before the arrival of Secretary General (Cesar) Gaviria and we are confident that he will continue to do an excellent job in the coming years."

Central America's candidate for the vacant OAS post is El Salvador's Foreign Minister Oscar Santamaria. Analysts say his candidacy is now unsure with the Caribbean, some Latin American nations and the U.S. Government in full support of Thomas, first elected to the coveted job five years ago in November, 1989. Attempts to reach Ambassador Santamaria were unsucessful and Assistant Secretary General Thomas turned down requests for comment on his candidacy.

The new elections take place at the June OAS General Assembly meeting slated for Port-au-Prince, Haiti.

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Cuba

Official Reconfirms Russia To Help Complete Nuclear Plant

FL1805214095 Havana Radio Rebelde Network in Spanish 1700 GMT 18 May 95

[From the "National Radio News"]

[FBIS Translated Text] Miguel Angel Serradet, a Basic Industry Ministry official participating in the regional seminar on public information regarding nuclear energy, has announced that a technological and economic feasibility study on completing the Juragua nuclear plant should be ready by June. Serradet explained that once the study is completed, negotiations will begin to establish an economic association to complete and operate the facility. Serradet added that the association will include Cuba, Russia, and third partners and that the Cuban state will purchase the electricity in hard currency. The investors will recover their money through plant profits.

IAEA Official Discusses Cuba's Need for Nuclear Energy

FL1805212795 Havana Radio Rebelde Network in Spanish 1700 GMT 18 May 95

[Interview with (Abel Aseg), an International Atomic Energy Agency official attending a regional seminar on public information regarding nuclear energy in Latin America and the Caribbean, by correspondent Eva Alvarez in Havana; date not given; from the "National Radio News" — recorded]

[FBIS Translated Text] [Alvarez] Is nuclear energy a truly viable option for the world?

[(Aseg)] It has been a viable option. History has proved it with the 430 nuclear reactors operating worldwide, which produce 16-17 percent of the world's electricity. This is a reality.

[Alvarez] But will the continued production of nuclear energy be good for the world environment?

[(Aseg)] Evidently, because nuclear power plants do not emit gases such as carbon dioxide, (?nitrous oxide), and sulfur dioxide, which are harmful to the climate and environment. That is the big difference.

[Alvarez] Do you think Cuba should continue to develop nuclear energy production capabilities?

[(Aseg)] Cuba clearly needs nuclear energy. This country's consumption is increasingly high, and its growing industries need energy. Cuba has no coal, very small reserves of fuel oil, and no large rivers for hydraulic dams. What other option does Cuba have?

Havana Hosts Nuclear Energy Public Information Seminar

PA1805043195 Havana PRENSA LATINA in Spanish 0016 GMT 18 May 95

[FBIS Translated Text] Havana, 17 May (PL) — Nuclear specialists agreed here today that despite the unfavorable economic conditions, Cuba's nuclear program is maintaining a relatively open, multipurpose character.

Daniel Codorniu and Dario Gandarias, president and chief expert of the Nuclear Energy Agency, respectively, explained the country's activities in this sphere to colleagues and reporters from nine Latin American countries meeting in this capital.

During the evening session of the "Regional Seminar on Public Information on Nuclear Energy," the scientists said that regardless of setbacks, the island has not renounced the nuclear energy alternative and is making an effort to complete the Juragua nuclear plant in south-central Cienfuegos Province.

They highlighted the use of nuclear techniques in medicine, biotechnology, hydroeconomy [hidroeconomia], agriculture, the sugar, mining, and metal industries, geological surveys for minerals and oil, as well as preserving foods by irradiation.

According to the specialists, Cuban nuclear medicine utilizes global advances to produce radiopharmaceuticals, for which demand is increasing yearly.

The experts said the country is using several technologies for producing these medicines while at the same time creating conditions for the assimilation and rapid exploitation of a modern isotope center, which will begin operating this year.

Agriculture — they said — is another branch that has reaped noticeable benefits from broadening nuclear techniques, either through better crops by irradication or through quality control over seeds and grains.

Latin American delegates and high-ranking executives from the International Atomic Energy Agency (IAEA), including Mohamed El Baradei, assistant to the director general, and Ali El-Saiedi, director of the Technical Cooperation Implementation Division, are attending the meeting. [names as received]

The latter spoke about the IAEA's contribution to Latin America's energy development and cited Cuba as an example, where about 20 projects associated with the economic needs of the Caribbean island are being developed.

The seminar will end tomorrow with a debate on public education and information on nuclear energy on the

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continent. Cuban citizen Jorge Petinaud, Chilean citizen Rosamel Munoz, and Argentine citizen Elida Bustos are scheduled to give lectures.

Cuba Proposes Marking Nuclear Reactions' Centennial

FL1905022395 Havana Radio Rebelde Network in Spanish 2300 GMT 18 May 95

[Interview with Dr. Edwin Terrero, director of the Higher Institute of Science and Nuclear Technology and participant in the regional seminar on public information regarding nuclear energy in Latin America and the Caribbean, by correspondent Eva Alvarez in Havana on 18 May; from the "Exclusive" program — live or recorded]

[FBIS Translated Text] [Alvarez] The regional nuclear energy public information seminar has concluded, and the nuclear era will mark it's 100th anniversary in 1996. Dr. Terrero, what will be done in Cuba to commemorate the anniversary?

[Terrero] This year we are carrying out several events aimed at celebrating the first centennial of the nuclear era. February 1996 will mark the 100th anniversary of the discovery of nuclear reactions by the Frenchman Antoine H. Becquerel.

[Alvarez] I understand that Cuba made a proposal during the recently concluded seminar.

[Terrero] Yes, we proposed that this achievement, so important to humanity, be celebrated with a regional scientific and teaching event that focuses on methods of educating and informing the public about nuclear culture, 100 years after nuclear reactions were discovered. In that context, we plan to hold three international workshops at the Institute during 1995 on nuclear energy.

'Straight Talk' on U.S. Bill, Investments

FL1905005695 Havana Radio Rebelde Network in Spanish 1600 GMT 17 May 95

["Straight Talk": Studio discussion between Osvaldo Rodriguez and Fernando Davalos, both from BOHEMIA magazine; date not given — live or recorded]

[FBIS Translated Text] [Rodriguez] Davalos, you and I recently considered the Helms-Burton bill's economic impact. What about its effects on foreign investment? Is it already being affected?

[Davalos] No. The facts bear this out. First, the Helms-Burton bill is a recent threat. Foreign investors have always received threats. Life is proving that there is no harm being done. There were 180 economic associations at the end of 1994; four months later, there are 230 economic associations. It really took off! This year should close with...

[Rodriguez, interrupting] When you say economic associations, are you talking about all the different kinds of investments, such as joint enterprises...

[Davalos, interrupting] Joint enterprises, cooperation and association contracts, all the different types of associations. Foreign investment is present not only in joint ventures but also in other areas. A total of 230 already exist, over 50 percent of them in the tourist trade. However, about another 300 possible businesses are currently being discussed, despite threats from Helms and previous threats.

[Rodriguez] These are being discussed right now?

[Davalos] Yes, the negotiations are currently underway.

[Rodriguez] That would mean well over 500 associations.

[Davalos] Yes, that is correct. We can assure that over 500 companies — many of them very important — are involved in business with Cuba. This number continues to grow. This year should close with...[pauses] There were estimates that 1995 should end with an additional 250 associations. I think that Figueras, my good friend from the Foreign Investment and Economic Cooperation Ministry, came up short. We already have more, and next year's number will be even higher. However, we cannot underestimate the Helms-Burton bill. It could affect...

[Rodriguez, interrupting] There is a contradiction: The Helms bill comes to bar trade, yet it has no effect. When we consider the blockade, we see that it has affected foreign companies.

[Davalos] Yes, that is correct. What Raul Taladrid, a specialist from the Foreign Investment and Economic Cooperation Ministry, said regarding the Helms bill's effects is true. He thinks that it will only slow down the pace at which foreign investments come to Cuba. It will not stop, impede, or become an insurmountable obstacle to foreign investments. It will create an atmosphere around and against Cuba. However, on the other hand, there is a funny paradox with regard to this issue. There is great interest for Cuba in the United States lately.

[Rodriguez] Yes, we have seen this in several polls. U.S. companies place Cuba among the places where there are less investment risks and where there are more possibilities for profit.

[Davalos] Approximately 240 U.S. companies came to Cuba last year to obtain information and explore investment possibilities, almost 20 companies a month.

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[Rodriguez] This does not mean that they made investments in Cuba.

[Davalos] No, no. U.S. law prohibits them from investing in Cuba. However, they feel that they are losing money. That is what they call opportunity costs, which means the money they are losing by not being here in Cuba. That is a category of capitalist and socialist economy. They know very well that their opportunity costs are large and that they are losing money. There are other countries that have no restrictions; therefore, they come to Cuba, establish businesses, and make money. The paradox is that the number of businessmen coming from the United States is on the rise despite threats against foreign investment. The statistics on the number of U.S. businessmen who have come to Cuba this year are very enlightening. I can read the statistics if you like.

[Rodriguez] Yes, I think this would be very interesting. But, let me say something first. We were discussing the ups and downs of U.S. politics the other day. This is another example of the ups and downs: While the U.S. Congress considers reinforcing the blockade, U.S. companies are coming to Cuba to explore investment opportunities...

[Davalos, interrupting] Yes, but we cannot fool ourselves. Helms, Burton, and the extreme right-wing in Miami do not represent the United States.

[Rodriguez] Davalos, that is very interesting. The extreme right in the United States — led by Helms, Burton, and those individuals from Miami — represent neither the United States nor the U.S. Government. More and more foreign investors have come to Cuba despite the threats because they know or believe that the U.S. Government may not continue or has not continued to reinforce the blockade. All of this is just political conniving. I refer to the lobbies [previous word in English], electoral interests, and money. There is quite a lot of that. We also see this type of disparity in Cuba. Many are surprised when they go to a shop — one of the foreign currency shops — and see many U.S. products for sale.

[Davalos] We must remember that there is a difference between these groups of extreme right-wingers and the U.S. Government and people. We must remember that difference here. We must remember that the United States and those ultrareactionary groups do not have the same interests. However, they would like to be seen as sharing the U.S. Government's interests. These small Florida groups exercised hegemony over all U.S. foreign policy for many years. That is crazy!

[Rodriguez] Even their political and economic interests conflict sometimes. There was a great uproar in Miami recently over one of Mas Canosa's companies investing in the PRC.

[Davalos] I just thought of something really funny. However, I first want to point out that seven U.S. companies came to Cuba to explore opportunities in January, eight in February, 12 in March, and 17 in April 1995. It appears that these numbers will continue to grow. It is funny — in a tragic sort of way — that Torricelli, an enemy of Cuba, will fall victim to the Helms bill.

[Rodriguez] What do you mean? I don't understand. Does that mean they cannot agree on something?

[Davalos] There are many companies in the United States that manage stocks: Merrill Lynch, Morgan Stanley, (Pension Funds), and Scudder Stevens...

[Rodriguez, interrupting] What does Torricelli have to do with all of those?

[Davalos] Torricelli chose one of these companies — the Scudder, Stevens, and Clark Latin American Fund — I remember the name very well — gave them money, and told them to buy stock in profitable companies. This stock management company deals with international companies that, in turn, have businesses in Cuba. Therefore, Torricelli is an indirect investor in Cuba. That is so strange and weird.

[Rodriguez] Does he know?

[Davalos] It is very important to point out how we know of this situation. This is not gossip or speculation. A group of prestigious and serious U.S. lawyers came to Cuba a few weeks ago and passed on this rather strange information. He is a victim of the Helms-Burton bill because he has business relations — indirect — with Cuba. Although the situation developed through stock market mechanics, it proves that the Helms-Burton bill is absurd.

[Rodriguez] You described the situation as tragically funny. I consider this the U.S. way of life: They say something or implement a policy and then do the exact opposite.

[Rodriguez] Davalos, you published an article in BOHEMIA entitled: Cuba, A Risk-Free Place. What we have said here today reconfirms this, do you agree?

[Davalos] Yes. We have organized ourselves in manner which promotes confidence. Furthermore, Cuba is a profitable place within the region. I would like to give some information on what makes a businessmen invest or not in an area. The so-called internal capital return

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rate is the time in which an investor recovers his investment. There are two very interesting statistics in this area. Investments made in the tourist sector during the '90s were recovered in 3.5 years. This is a very short period of time, especially, bearing in mind that in the Caribbean a similar investment would take seven years to recover and in Cuba it was recovered in half the time. What about current investments? I am not referring to the ones made in the early '90s, such as the Sol Melia, Sol Palmera, and Melia Varadero Hotels. We must wait for the results of the current investments. The gross operating profit [last three words in English] — the so-called GOP, which are the operating profits —are grossing in joint-venture hotels no less than 40-45 percent. This means that dividing profits by investments will arrive at the conclusion that in a little more than two years the investment is recovered.

[Rodriguez] We were recently informed that the Sol Palmera Hotel is Sol Melia's most profitable hotel worldwide. The Sol Melia chain has over 200 hotels worldwide.

[Davalos] With regard to this profit — the net income — we would still have to deduct certain costs, such as taxes and others. Do you know what it means to have approximately 40-45 percent in operating profits? That little U.S. word — GOP — sounds a little funny to us...

[Rodriguez, interrupting] It is not a U.S. word because the language is English, Shakespeare's English.

[Davalos] Yes, correct. The GOP is like the Bible to all hoteliers. The joint venture hotel's GOP is no less than 40-45 percent.

[Rodriguez] That is their profit, right?

[Davalos] Their operating profits. If you speak to a hotelier from Hong Kong and mention the GOP, he will know what you are talking about. In Cuba, the hotel's GOP is one of the highest in the world.

[Rodriguez] What is the GOP average around the world?

[Davalos] Much lower, and in the Caribbean as well.

[Rodriguez] How much? A total of 30 or 25 percent?

[Davalos] Well, 30 percent is high. There are hotels that are working with much lower percentages.

[Rodriguez] I do not know if it is the same statistic, but I have heard that tourism in Cuba leaves approximately 30 percent in benefits.

[Davalos] Yes, because that statistic also reflects our enterprises. They are not as efficient as...

[Rodriguez, interrupting] In any case, 30 percent is still very good, even though 70 percent leaves the country.

[Davalos] Are you talking about tourists who do not return?

[Rodriguez] No, I am talking about money. Of all the money that comes into Cuba through tourism, 70 percent leaves the country...

[Davalos, interrupting] Yes, because there are foreign supplies to pay and other things. However, there is a part that still stays in Cuba and becomes part of our economy. This is what is lifting our economy little by little. This is what is called the locomotive sector, in economic terms.

[Rodriguez] A real locomotive. Another example: BOHEMIA is publishing an international edition in which the publicity — which finances the publication — comes from the tourist sector.

Many thanks to Fernando Davalos for being here today.

UN Envoy Says Helms Bill 'Vulgar' Violation of Law

PA1805222495 Havana PRENSA LATINA in Spanish 2012 GMT 18 May 95

[FBIS Translated Text] United Nations, 18 May (PL) — Cuba today at the United Nations denounced the illegality of a bill the U.S. Congress is considering to tighten Washington's economic blockade against the island.

Bruno Rodriguez Parrilla, Cuban ambassador to the United Nations, held a news conference and termed the bill sponsored by Senator Jesse Helms and Representative Dan Burton, both Republicans, "a vulgar and open violation of international law." The bill would tighten commercial reprisals against Havana.

The UN General Assembly has condemned that hostile policy in its last three regular sessions, with a growing number of countries demanding that it be ended.

Rodriguez Parrilla explained that the party most affected by that legislative monstrosity would be the United States, not Cuba.

Among other measures, the Helms-Burton Bill contemplates sanctions against countries trading with the island, denies U.S. aid to said countries, and blocks any steps they may take to obtain credits from international financial organizations.

In addition, the bill establishes penalties against individuals and companies, even banning them from entering or doing business with the United States.

The application of said reprisals will undermine Washington's relations with its allies, many of which have economic interests in Cuba, the envoy remarked.

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Canada, the United Kingdom, and the EU in general have warned President William Clinton's administration of the negative consequences of said measures. Ottawa, for instance, recalled that it has laws to protect Canadian businessmen and companies from the extraterritorial effects of said reprisals.

The diplomat asserted that the promulgation of such legislation "would be a step backward in relations between Washington and Havana."

Both countries have been able to normalize their migration ties, a very difficult area until the recent signing of the accords.

Rodriguez Parrilla also referred to the economic transformation process Cuba has undertaken to join fully world economic activity. Therefore, he stressed, any attempt to isolate the island would be counterproductive.

Cuba is willing to talk to the United States to extend the success of the recent migration talks to other aspects of relations, the ambassador said.

"Everything is negotiable for Cuba except its independence, its sovereignty, and the welfare of its people," the envoy emphasized. He added that the logical thing for Washington would be to modify its policy, suspend the blockade, and end what he called "the last vestige of the Cold War."

Another of Helms' and Burton's objectives is to internationalize the blockade against Cuba through a UN Security Council resolution.

According to analysts, this initiative would be an absurd proposition of U.S. foreign policy given the fact that the international community, gathered at the UN General Assembly, has for the last three years approved resolutions condemning and demanding an end to the blockade.

In the last vote, only the United States and its ally Israel voted against it. This is ironic because while Washington is trying to curtail trade with Cuba, the Israeli Government allows its citizens and businesses to do business with the island.

Alarcon Criticizes Changes to Helms-Burton Bill

FL1905013495 Havana Tele Rebelde Network in Spanish 1630 GMT 18 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, has participated in a public hearing at the General Maximo Gomez Revolutionary Armed Forces Academy on the anti-Cuban bill that Senator Jesse Helms and Representative Dan Burton are sponsoring. Alarcon and Foreign Ministry specialists commented on the bill. Among other things, Alarcon pointed out that even though the bill has not been debated in the United States, it has already been changed to benefit certain small groups which act in Cuba against the government [para beneficiar a los grupusculos que actuan en la isla contra el gobierno]:

[Begin Alarcon recording] The bill appears overwhelming and hard enough that everyone — even the small groups — would be affected if it were enacted. It seems they realized this and added a chapter especially for these small groups, which puts these groups on the spot. This bill would hurt all Cubans except these citizens, something which is politically revealing. They draw attention to these people by mentioning them in the opening of the bill. The bill opens with them — the small groups — followed by reinforcement of the blockade. [end recording]

Alarcon also noted the bill's extraterritorial characteristics, aimed at returning properties which were socialized in 1959:

[Begin Alarcon recording] A foreign government or power cannot meddle with a Cuban Government decision. The U.S. Supreme Court took this stand in a very well known case involving Cuba and a U.S. company in 1964. The Supreme Court ruled that Cuban authorities had made the decision in Cuba and that the U.S. Supreme Court had no jurisdiction in the matter. This bill clearly states: U.S. courts are forbidden to apply the State Act doctrine as a justification for not assuming jurisdiction in any case that could be brought before them. [end recording]

This public hearing — part of the national process seeking to inform Cubans of the Helms-Burton bill's elements and intentions — was attended by academy and national defense college personnel.

Commentary on the Protests by Cuban Groups in Miami

PA1705190395 Havana Radio Havana Cuba in Spanish 0000 GMT 16 May 95

[Station Commentary read by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] The recent rowdy public protest organized by irrelevant ultra-right Cuban groups in the U.S. city of Miami, where all sorts of insults were hurled against President William Clinton, rapidly disbanded when it failed to attract support from the majority of Cuban immigrants in that city.

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In the meantime, the new migration agreement between Havana and Washington is being systematically and inexorably implemented.

A recent group of 11 Cuban rafters who were rescued in the Straits of Florida by a U.S. Coast Guard vessel has been returned to the country through the Cuban port of Cabanas, with all required formalities.

The number of rafters who now have decided to try the dangerous journey to U.S. territory now amounts to 24. We will now have to wait to see how many more illegal immigrants will have to be returned by the U.S. Coast Guard before those interested in emigrating from Cuba will begin to refrain from such risky and futile enterprises.

Without doubt, measures such as those included in the agreement will always be tested for a certain period of time. In this particular case, the escape attempts have been somewhat justified since, after U.S. authorities warned vehemently that those rafters housed at Guantanamo would not be accepted by the United States, it nonetheless caved in to internal pressures, and ended by opening up possibilities for all of the rafters to finally emigrate.

It should be kept in mind that the new migration agreement stipulates that nearly 5,000 of those confined at Guantanamo would be allowed annually into the United States as part of the 20,000 Cubans who must receive visas each year, as per what has already been agreed upon between both countries. Reality has demonstrated that those who suspected that they would be finally accepted were right from the beginning. Such a situation constituted a dangerous gap in the decision to normalize migration relations between Cuba and the United States. It is precisely because of this that illegal immigrants continue to attempt to cross the straits.

More consistency and resolution will have to be demonstrated by the U.S. authorities in order for the rafters phenomenon to stop once and for all. This phenomenon has been encouraged for years as a result of the special legislation granting privileges to those who decided to illegally leave Cuba in favor of the negative propaganda against the revolutionary government of Cuba.

In the zeal to encourage subversion in Cuba, the illegal exit of Cubans to Florida was depicted internationally as escapes from an oppressive regime to attain liberty at a nearby coast.

Reality has finally demonstrated that a significant majority of those who emigrated illegally have done it for merely economic reasons. The economic blockade maintained by the United States against Cuba for the past 33 years became even more demanding with the fall of the Soviet Union, and the socialist bloc has created a supply shortage in Cuba which not everyone is willing to resist even if they are not politically opposed to the Cuban revolutionary government. Many of the rafters themselves have acknowledged this point.

Very few are still willing to speak contemptuously of their country to the media working for extreme right groups of the Cuban emigration.

Those who had initially set their hopes on the dividends to be supposedly reaped from the negative propaganda against Cuba have now begun to desist from the practice since, for economic reasons, they can no longer withstand the number of immigrants. This issue has been clearly established by the so-called Proposition 187 against Mexican immigrants approved in California.

At any rate, the recently approved migration agreement will still have to pass through some more tests before it can finally become effective and definite.

The Cuban authorities have honored and will continue to rigorously honor commitments. It is all up to the U.S. side now.

Ministry Spokesman on U.S. Accord Compliance, Other Issues

PA1905024995 Havana Radio Havana Cuba in Spanish 0000 GMT 19 May 95

[Report by Barbara Bethancourt from the "Evening Information Review" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] In his customary weekly briefing, Cuban Foreign Ministry Spokesman Miguel Alfonso reported the Foreign Ministry's position on the latest events in northern Iraq.

[Alfonso] "The Ministry of Foreign Relations of Cuba, upon learning of the situation the friendly people of the Republic of Iraq are facing on their northern border, wishes to express that, in keeping with the principles governing international relations, it rejects any action to violate the sovereignty and territorial integrity of Iraq, as well as any interference in its domestic affairs."

Regarding compliance with the migration accord made public by Cuba and the United States on 2 May, Alfonso commented on the information Havana has so far on one-third of so-called rafters intercepted by U.S. Coast Guard.

[Alfonso] "I want to tell you that this operation of smuggling illegal aliens into the United States has been confirmed. It has been corroborated. We know that the two people manning the boat which attempted to

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transport people illegally to the United States have been arrested by U.S. authorities in U.S. territory.

"We have not received any official information from U.S. authorities on other details. We are awaiting that information. We have heard statements by Coast Guard members on Miami-based radio stations. They stressed that this activity of illegally introducing prospective migrants into the United States is severely punished by U.S. federal law. There are fines of up to $100,000 for each individual involved in smuggling illegal aliens, and the vessels utilized in such attempts are confiscated."

After noting that international rejection of the Helms-Burton Bill continues, Miguel Alfonso was asked to comment on recent statements by the German foreign minister against the U.S. blockade of Cuba.

[Alfonso] "This is an additional testimony to the rejection of that policy. Mr. Kinkel strongly criticized this new measure to tighten the blockade which would result from approval of the Helms-Burton bill. I think that coming from a country with Germany's economic importance, we should give importance to these statements."

Additionally, Alfonso was questioned about the position of the Cuban Foreign Ministry on Israel's intent to expropriate land belonging to Palestinians in Jerusalem.

[Alfonso] "We feel those measures contribute to the Judaization of an important city, a holy city not only for Judaism but also for other religions, including Islam. This endangers the negotiating process and violates the spirit of the UN Security Council resolutions in this regard, including Resolution 2-32 and Resolution 4-35. We view these attempted expropriations by Israel with growing concern. They are intended to bar a considerable portion of the Palestinian population from Jerusalem.

"We believe a call must be made so these measures are not taken. Such measures prevent the effective implementation of the agreements reached between Israelis and Palestinians."

Economic Cooperation Accords Signed With Colombia

FL1805130095 Havana Radio Rebelde Network in Spanish 1155 GMT 18 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] Cuba and Colombia have signed two economic accords as part of visit by a delegation of Colombian businessmen who are exploring prospects in the Cuban market. Lazaro Mejia Arango, general manager of Proexport and head of the Colombian delegation, signed a cooperation accord with Justo Prado, vice director of the Center for Cuban Exports.

Likewise, Cuba's Foreign Trade Minister Ricardo Cabrisas signed with Colombian Ambassador Ricardo Santamaria a protocol modifying the limited accord signed by both nations last year. Cabrisas pointed that the stage is set for reciprocal preferential treatment in bilateral trade.

Report on ARPEL Meeting, Redrafting Oil Strategy

PA1805170695 Havana Radio Havana Cuba in Spanish 0000 GMT 18 May 95

[Report by Marianela Samper, from the "Evening Information Review" newscast]

[FBIS Translated Text] The 30th Latin American Petroleum Industry Mutual Aid Association (ARPEL) began a meeting in Havana to analyze subjects related to the redrafting of its strategy and the expansion of its activities towards trade, commercialization, and cooperation. At the opening event, Carlos Triana, engineer and director of Cuba Petroleum, CUPET, stressed that it has been 30 years since this association was created. ARPEL was initially composed of only a few enterprises, which today number more than 20 in Latin America and other latitudes. Cuba joined ARPEL in 1991.

[Begin Triana recording] From the time Cuba joined ARPEL to the present, our country has achieved an undisputable level of development in oil production, with a sustained growth of oil production and exploitation in association with foreign partners. The result of this cooperation is based on the vast opening and guarantees that the Cuban state has provided to foreign investment for over 10 years. What we have achieved thus far, however, is not our goal. We are prepared to engage in joint investments in other important elements of the oil industry, such as refining, maintenance, and research. [end recording]

For his part, Adrian Bustillo, ARPEL secretary general, said that currently the association represents the region, whose reserves amount to virtually 30 percent of world production and that its daily average consumption of petroleum is 5.4 million barrels, with an average yearly rate of 2 percent. He said a new action profile must be defined, considering concepts of contemporary oil culture, such as regulation guidelines, energy policy, globalization, environment, quality, and strategic associations, among others.

[Begin Bustillo recording] Integration, through the oil industry, contributes in a very important way to the economic growth of our countries. The current conditions of the oil industry provide excellent opportunities

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for the opening of markets, which comes hand in hand with possibilities to carry out vast joint ventures. This is how we view the project of gas and oil pipelines, and the bids on areas for exploration and production in which different regional companies participate. This, at the same time, grants us access to important extra-regional resources. [end recording]

At the 30th ARPEL meeting, the Minister of Basic Industries Marcos Portal, announced that a bill on hydrocarbons is being drafted in Cuba to define the national policy in terms of the state's role, the juridic regime, and other matters related to contracts and taxation. If you will allow me, I will expand on this on another occasion.

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President Notes Success of Economic Program

PA1805231395 Mexico City XEW Television Network in Spanish 0430 GMT 18 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo said today that pressure on the Mexican financial and stock markets has abated and that interest rates are dropping. Interest rates on 28-day treasury certificates dropped from 80 percent in March to 60 percent today. The average interbanking interest rate, TIIP, reached 58 percent today, falling from 110 percent in March, the president stated. He added that the trade balance is being corrected principally through an increase in exports.

President Ernesto Zedillo, speaking at Los Pinos presidential palace to close the Sixth National Convention of Insurance Brokers, said the economic program to counter the crisis has yielded specific results which show that the adjustment is taking place rapidly. He said the strategy will promote a prompt recovery of economic activities. The president said that in-depth solution are being applied to the factors that prompted the crisis, trade imbalances have been eliminated, and foreign accounts are being systematically strengthened.

[Begin Zedillo recording] In the first quarter we achieved a trade surplus of $540 million. In the first quarter of 1994, we had a trade deficit of $4.3 billion. This means that during the first quarter of the year, there was a correction in the country's trade balance of approximately $5 billion. [end recording]

The president also commented on how the Mexican peso dropped to less than 6 new pesos to the dollar after being at almost 8 pesos to the dollar. He gave the following explanation:

[Begin Zedillo recording] Any other path would have hindered our recovery and, in the long run, would have had a greater social cost. [end recording]

Mr. Jose Luis Giamosas Portilla, outgoing president of the Mexican Association of Insurance Brokers, and Alfonso Castro Toledo, new president of the Mexican Association of Insurance Brokers, spoke during the event. The president also gave awards to outstanding brokers Salvador Vargas, Jose Guadalupe Padilla, and Jorge Ocaranza.

Stock Exchange Companies's Debts Increase 57.78%

PA1805212795 Mexico City EL FINANCIERO in Spanish 16 May 95 p 15

[Article by Claudia Villegas]

[FBIS Translated Text] High interest rates and the devaluation of Mexican peso vis-a-vis the U.S. dollar provoked the first quarter 1995 liabilities of the more than 200 companies trading in the Mexican Securities Exchange (BMV) to increase 57.78 percent in comparison with their debt in 1994. The debt currently reaches 344.1243 billion new pesos.

An evaluation of all medium and large-sized companies whose stocks are traded in the securities market indicates, however, that it was the foreign currencies debt which showed the highest increment increasing from 49.3924 billion new pesos to 95.7454 billion new pesos, which represents a 92.6 percent increase.

The public sector debt in local currency increased from 56.418 billion new pesos to 69.454 new pesos, representing a 23 percent increase.

The sector showing the greatest activity in its total debt between the first quarter 1994 to the first months 1995 was the cement industry. Its total debt reached 4.9959 billion new pesos, which represents a 639 percent increase.

Likewise, the long-term commitment of the 200 companies trading in the BMV increased 8.95 percent.

The Mexican Cement (Cemex) consortium double the amount of its debt which increased from 16,879,942 billion new pesos to 30,165,785 billion new pesos.

In the foreign currency debt, the publishing industry showed the greatest increase in its financing based on foreign currency. This sector reached 95.037 billion new pesos, whereas in March 1993 it owed 14.450 billion new pesos.

The textiles sector, which includes such companies as Parras, Texel, Cierres, Ferrioni, and Geasa, also had to report an increase of 302 percent in its dollar debt which reached 1.2894 billion new pesos. In that industry, Geasa company registered liabilities equivalent to 204 million new pesos, one of the highest dollar debts in that sector.

According to an analysis of all the companies in the securities market, including companies which are active in the intermediate market, long-term liabilities based on foreign currency increased 61.18 percent

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The second sector which increased its debts in an "explosive [quotation marks as published] manner until March 1995 was the machinery and equipment sector, which includes companies such as Dina, Eaton, Tremec, and John Deere, which have a joint debt of 5.417 billion new pesos which compared to their debt during the same period last year increased 145.3 percent.

Because of the size of its debt — 9.751 billion new pesos — the chemical industry experienced a debt increase of 104 percent, in which Alpek company increased its financial commitments more than 100 percent.

Because of the credit restrictions imposed by the banking sector during the first three months of the year, and the precautions regarding the debt level of some companies such as department stores, companies such as Cifra where the ones which achieved less increments in their debt.

TOTAL DEBTS PER SECTOR *

	1st quarter 1994	2d quarter 1995	% Change
Extracting Industry	6,341,885	10,540,947	66.2
Transformation industry	4,759,283	9,751,289	104.0
Cellulose and Paper	7,607,697	9,442,938	24.0
Publishing industry	214,679	316,153	47.2
Iron and steel industry	11,445,366	20,024,759	74.9
Metallurgic industry	115,043	199,880	73.7
Metal production	3,690,082	4,380,244	18.7
Electronic industry	664,530	952,663	43.3
Machinery and equipment transf.	2,208,481	5,417,606	145.3
Food, drinks, tobacco	20,675,429	31,853,991	54.0
Textile, clothing, leather	1,259,468	2,071,385	64.0
Rubber production	42,751	34,190	-20.0
Nonmetallic minerals	15,659,397	17,349,612	10.7
Transformation industry	232,565	251,874	8.3
Construction industry	24,212,713	31,407,191	29.7
Cement	4,995,964	36,954,715	639.69
Construction materials	1,081,222	1,927,411	78.2
Commercial houses	19,968,495	21,688,582	8.64
Communications and transp.	37,187,804	46,896,548	31.4
Aristos	6,417,141	12,184,076	89.8
Holding	44,980,874	73,858,079	64.1
Others	4,344,248	6,620,106	52.3
Total	3,218,105,049	344,124,239	57.7

* Billions of new pesos; Source: BMV

PRENSA LATINA Interviews Mexico's PRI Secretary General

[By Miguel Lozano]

[FBIS Translated Text] Mexico City, 16 May (PL) — Maria de los Angeles Moreno, president of Mexico's Institutional Revolutionary Party (PRI), today admitted that the crisis has affected the party, but said that she was sure that it will also recover lost ground.

In an interview with PRENSA LATINA, Moreno said that many measures adopted amid a severe economic situation, such as Mexico is undergoing, means unconformity and discontent by the people who naturally unload it on the ruling party and at the polls during elections.

According to Moreno, this has already taken place in Jalisco, in state gubernatorial elections won by the National Action Party (PAN), because among the reasons for the PRI's defeat is the economic crisis and the tough measures adopted in search of stability.

I do not rule out similar situations taking place in other states (this year there are elections in Yucatan, Baja California, and Guanajuato), but I believe — she added — that concurrent with stability and economic recovery, the PRI can recover political ground.

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Maria de los Angeles Moreno said that the PRI is doing everything possible to win even under adverse conditions and conditions of annoyance, by explaining the situation's origin and the actions that the PRI believes can be applied in order for the people to attain a better standard of living.

I believe that we will win in many places, and we will maintain or recover opportunities, she said.

The president of the ruling Mexican party ruled out the current crisis bringing about a U.S.-style bipartisan system. My perception, she said, is that Mexican culture is more attracted to a multiparty system rather than bipartisan system.

It is her idea that the world's current monopolarity has led many people to interpret U.S. hegemony as a need to implement U.S. political and economic systems in other countries. I do not think that U.S. ways and means of doing things have anything to do with Mexican political culture, she said.

Moreno believes that a bipartisan system is not what is best for her country and thinks that a third, left-wing party, may emerge.

My perception, she said, is that the PRI will hold on to the majority and that is why we are working, we are reforming, and will intensify our efforts.

Regarding the PRI's internal reforms and versions of this process becoming bogged down, Moreno gave assurances that it continues "without stopping, but unhurried," perhaps not as fast as expected by various sectors of the people, but at the speed planned by the party's leadership.

When explaining the reasons that led to the idea of transforming Mexico's ruling political organization, she recalled that it was created at the end of the 1920's as a need to bring together the country's representative forces and to institutionalize the revolution.

The party was originally called the National Revolutionary Party, then it became the Party of the Mexican Revolution, and afterward took its current name. These three stages, which according to her way of thinking, meant changes to its organization and the party's relationship to the people and the state, among other elements.

According to her way of thinking, the PRI has characteristically always had an attitude of change, not only to keep abreast with the times, but to brandish flags and march ahead with the peoples' main demands.

Maria de los Angeles Moreno said that after overwhelmingly winning the August 1994 presidential elections, the PRI undertood the people's majority mandate in two senses: govern and do it well, but also review certain internal aspects to do it better.

She said that this mandate is being fulfilled from a position of power and even trying to recover certain opportunities or states where the PRI lost while at the same time strengthening the party through changes demanded by members and the people as a whole.

According to Moreno, the PRI leadership has decided to make reforms that allow other tasks, at the same time, without affecting the priority of properly competing in the country's electoral processes.

At the same time the PRI, as a majority party — she said — must bring forward basic proposals to the national table of federal reforms, with such important topics as the electoral system, federalism, the balance of government branches, and the importance of justice, among others.

The PRI president is of the opinion, notwithstanding, that internal party reform tasks are being carried out without publishing them, and this also leads people to believe that the process has halted, when the truth is that consultations, exchanges of opinion, delivery of reports, visits to states, and installing commissions continue.

PAN Outlines Reform Plan, Part I

PA1805152795 Mexico City LA JORNADA in Spanish 16 May 95 pp 60

[First of two installments of a report by Ismael Romero on the National Action Party Reform Plan]

[FBIS Translated Text] The National Action Party, PAN, has launched an "ambitious" and "difficult" project to change its operating and organizational structure, called The Reorganization, [Redimensionamiento] the short-term objectives of which are:

— To win the presidency of the Republic in the 2000 elections.

— To have the legislative branch exercise its powers within a "band of popular representation," in which no party has an absolute majority in Congress (floor), or the PAN can win it (ceiling).

— To allow power to alternate at the regional level, through an elaborate geopolitical scheme, so that the PAN can hold half a dozen of key governorships (keeping Jalisco, Guanajuato, Baja California, and Chihuahua, and winning Yucatan and Nuevo Leon) and a similar number of strategic mayoralties.

It will be, according to the PAN's national leadership, a "deep transformation" of the PAN, which will involve a "change of mentality" of all the membership, both at the

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leadership and rank and file level. It will involve the use of modern communication techniques and technology — for instance, computer programs are already being prepared to defend the vote — and a definition and clarification of its political and ideological proposal regarding others that resemble the PAN's.

Objectives of the PAN's "reorganization" are also breaking the "favoritism" of the media so they report, in a truthful and equitable manner, political and partisan events, as well as disseminate democratic values and tolerance. This should be done to create more just conditions in electoral processes.

According to the PAN's initiative, they will seek to present an institutional image of the PAN, in keeping with the aforementioned objectives, and to exercise fully the rights that party obtained in the 21 August 1994 elections.

According to the small Larousse illustrated dictionary, "reorganize" means to "give new orientation" (a PAN member recently complained he did not know the meaning of the word).

In its working documents, the PAN leadership explained that in order to "reorganize" the party, it needed to project its mission, its doctrinal principles, its structure, and its "old and valuable traditions" on "larger scale reorganization plans."

"This is what we call to reorganize the party, keeping intact its essential and structural core," the authors of the project underlined. They are Secretary General Felipe Calderon, Bernardo Avalos, spokesman, Adrian Fernandez, assistant secretary; Jesus Galvan and Jesus Ramon Rojo.

Reorganizing the PAN, they explained, does not involve abandoning its principles, changing its essence, abandoning its "very experienced ways of seeing itself as a democratic political party." It does not imply yielding to the criticism of everything that undermines ethical principles, human rights, human dignity, democratic and participative life."

The purpose of this plan, they stated, is to preserve the aforesaid principles and gear the party's actions towards "national coordinated reorganization" in the globalized and modern Mexico of today; to make the PAN a "national action" party."

In this regard, Jesus Galvan, the project's executive coordinator, commented that the PAN's basic documents, where the party's essence is expressed, will not change. What has been proposed, he said, is to make modifications to the internal regulations only.

Galvan explained that the decision to "reorganize" the PAN was made during the October 1994 National Political Council, shortly after the elections, and because of the "excellent" results obtained by the organization.

The national leadership ratified the proposal in the January session of the National Executive Committee [CEN].

The PAN proposed the need to "reorganize" because it seeks to win in the year 2000 and because of its current responsibility as ruling party in several states.

National Action's political weight, Galvan said, is very meaningful and this is why it must go hand in hand with the power it has generated.

Likewise, the party must be prepared for the problems and challenges the country faces, which not only have increased, but have also become more complex.

"If the PAN wants to become a viable governing option, it must adjust itself to those circumstances," he reiterated.

Before undergoing party reorganization, he added, the idea is to induce a "change in mentality" in the way of seeing and doing things.

What must be done, he added, is no longer work with "tasks" — what each secretariat should do or not do — instead the demands and needs of party organs, public officials, and citizens. "The idea is to do a democratic job and not a job according to hierarchy."

To this end the CEN will be rearranged and reorganized. Secretariats will be given new names. The Relations Secretariat was divided. The international area came under the PAN presidency, a new secretariat was created, and the Communications Secretariat absorbed LA NACION magazine.

Additionally, the Organization Development Secretariat and the Electoral Process Secretariat were created and a Foreign Finance Secretariat is planned.

Regarding the relationship with state and municipal party structures, Galvan said that the use of new communication systems and technologies will allow the CEN to maintain immediate communications with states and municipalities without having to wait days or weeks.

Part II

PA1805212095 Mexico City LA JORNADA in Spanish 17 May 95 pp 60, 14

[Second of two installments of a report by Ismael Romero on the National Action Party Reform Plan]

[FBIS Translated Text] After admitting that mistakes were made in the past, the reorganization of the National

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Action Party (PAN) will be strengthened in 10 strategic areas. The idea is to, among other things, encourage the political parties to educate themselves in the alternation of power, acquire the necessary experience regarding the handling of public affairs with a view to attaining power in the year 2000, and "generously and methodically" open the party to new members, new blood.

The strategic areas of the PAN's plan are:

— Organizational development: promote the institution's organizational development at such levels as the National Executive Committee, state directorate committees, municipal directorate committees, subcommittees, and departments. This will be achieved by systematizing the party's tasks, which are regulated by the criteria defined in its doctrinal principles, and established in its statutes and regulations.

— Party's social involvement: achieve the party's involvement in society, in such spheres as the territorial (municipality, neighborhood, barrio, manzana) and sectorial (business, labor union, school, nongovernment organizations). This will be done in order to make the party's points of view known, receive contributions, and support just struggles in the various types of surroundings in which citizens carry out their social activities.

— Development of intellectual activity and research: foster and promote intellectual and research work in order to contribute, following the party's philosophy and principles, to the consolidation of an incipient democratic culture and to be at the vanguard of democratic proposals for the country's political, economic, and social development.

— Systematization: develop electronic means of systematizing information regarding the activities of the PAN, its government officials (senators, deputies, governors, mayors, and regents), and especially regarding the country's political, economic, and social life, for the PAN's adequate and efficient leadership.

— Communication: develop an internal and external communication policy through alternative media, mass media, and national as well as international intermediate organizations. And specifically, to create an institutional image that will faithfully express the party's new dimension.

— Gain opportunities within the government: promote the democratic culture of alternating power, attaining priority regional positions (important municipalities, governorships, local congresses, and so forth) to: 1) generate the electorate's confidence; 2) to educate the political parties in the alternation of power.

— Attention to the government's political duties: promote a relationship with party members employed by the government through precise rules that will allow them to develop public administration duties consistent with the party's phylosophy. And, at the same time, create institutional structures that will allow the PAN to examine and systematize the experiences resulting from the exercise of power.

— Humanist education and practical training for cadres: renew the institutional policy whereby the party's cadres receive a humanist education and operational training to guarantee a team of leaders and technicians for the party's many areas of activity. Likewise, form cadres and train them for government and public administration.

— The Party as an instrument for citizens: approve the instrumental nature of the party as a citizens political organization: 1) by promoting civic training for individuals so that they become fully aware of their status as citizens; 2) by generously and methodically creating opportunities for political participation.

— Effective and efficient administration: renew the methods used in the administration, investment, and management of the party's physical, financial, and human resources in accordance with the party's new system.

For the reorganization plan, the PAN's national leadership has outlined three important general tasks: promote increased accuracy in the party's ideological profile, develop a highly cohesive and efficient organization, and make the party capable of implementing its general policy.

The introduction to the party's reorganization plan presents a summary of a preliminary analysis of experiences derived from the 1994 electoral process.

It concludes that new techniques, professionalism, and the systematization of tasks that are part of an electoral process show those three aspects are essential to update and reorganize the party's activities nowadays.

It also states the mobilization of resources in the most recent campaign suffered a qualitative and quantitative change: More than 9 million voters, 80,000 polling place representatives, several thousands of collaborators, more than 1,000 campaigning candidates, processing electoral documents from more than 300,000 tally sheets, and encouragement for the organized work of more than 100,000 inhabitants.

The PAN considers that all this calls for an adequate use of technological resources and the party's organizational methods, techniques, and procedures.

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The analysis states that a change in the party's dimensions, above all in terms of its impact on society, would not have been possible without the appearance of new circumstances in the electronic communication media and without the media strategy designed by the PAN. Likewise, the summons would not have been possible without an extensive handling of directorates, files, etc.

The PAN recognizes that, in many cases, it could not even count with the necessary experience to handle the media or the files, directorates, and contacts to develop an excellent relations work.

Therefore, it comes to the conclusion that it must increase and systematize its experience regarding the media and its relations.

Based on its experience with the media, the party states that it increased the number of votes beyond its organizational structure and physical presence, and it warns that votes will be lost if the institution does not continue to adequately handle the media and if its organizational capability does not respond to the expectations generated during the 1994 electoral process (the examples of Oaxaca, Veracruz, Hidalgo, and Nayarit are mentioned).

The PAN states that all the media which covered the electoral campaign, particularly the debate, internationalized the image of a party with the capability to rule.

It adds: This was also possible due to the importance given to the international relations area throughout the process.

The conclusion is that its necessary to maintain and expand that image at an international level. This imposes on the party the challenge of consolidating an area of relations specifically dedicated to these goals.

Moreover, it admits that deficiencies in training the party's cadres and in some of its work areas were proved by the following facts:

"Inability to present specific and viable proposals to counter various problems in the country's economic and social areas, and inability to give geographic, sociological, cultural, and economic information on the voters' expectations, with the intention of designing appropriate messages."

The PAN definitively admits: "We were not able to counter the strategy of fear."

Another relevant aspect, it says, was the party's inability to show the citizenry the benefits and advantages derived from the generation of public assets during its government terms in Baja California, Chihuahua, and Guanajuato.

The party concludes by stating that the inability to publicize information is due to structural deficiencies in the party, which has not dedicated the necessary time or resources to support in a respectful and critical way the governments that emerge from its own ranks.

Bishop Ruiz on 'Progress' at Peace Negotiations

PA1805130095 Mexico City NOTIMEX in Spanish 1836 GMT 17 May 95

[FBIS Translated Text] San Cristobal de las Casas, 17 May (NOTIMEX) — Bishop Samuel Ruiz, a mediator in the conflict, has said that by no means was the second meeting between the government and the Zapatist National Liberation Army [EZLN] "a step backwards"; actually, there was progress.

During an interview after saying mass at the cathedral in this Chiapas city, Ruiz said that the media should give its report about what happened during the talks between the government and the EZLN.

In his homily during the mass, the priest said that the mediators had performed with absolute responsibility, but also within its commitment to provide guidance within the faith.

"We have entered into the absolute and essential relationship that exists between the message of the gospel and the establishment of peace," Ruiz told his congregation.

He recalled the events of last Sunday, when it transpired that the talks between the delegates of the armed group, which appeared on 1 January, 1994, and government representatives had reportedly broken down.

"You may have lived moments of despair, anguish," through the news media, he explained, "when it seemed that the dialogue had no path to follow and the door seemed to close."

He continued: "Not even I, or those who witnessed these events, fully understand what happened during those 15 minutes, after having heard definitive news that one of the parties had taken the irreversible decision to leave the table, in light of the uncompromising path the talks had taken, and the fact that there could be no possible offer."

He added that "15 minutes later, there was an unexplainable change. I told those who had accompanied me: Brothers, once more I believe in miracles; once more I believe in the prayers of so many brothers and sisters, who are dedicated to attaining peace."

Last Monday, the government and the EZLN concluded a four-day round of negotiations in the town of San

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Andres Larrainzar, in the hopes of finding a political solution to the conflict in Chiapas.

During the meetings the two parts reached a minor agreement on tension reduction, which calls for the redeployment of the Mexican Army and EZLN forces to specific locations, yet to be determined.

They also agreed to continue the dialogue through the mediating entities and resume direct talks on 7 June, after the representatives of the armed group have consulted with their rank and file.

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Guatemala

URNG Urges People To Vote in November Elections

PA1705160895 Panama City ACAN in Spanish 2329 GMT 15 May 95

[FBIS Translated Text] Guatemala City, 15 May (ACAN EFE) — The Guatemalan National Revolutionary Unity (URNG), the only active guerrillas in Central America, today urged Guatemalan citizens to vote in the general elections scheduled for November. "Now is the time to prevent the abstentionism that would only benefit a minority," the URNG stresses in a communique sent to ACAN-EFE offices in Guatemala City. The URNG has always encouraged abstentionism in elections as a measure of their rejection of the political system. The guerrillas now maintain, according to the communique, that "electoral indifference must be left behind to allow the people to exercise their sovereignty by electing the authorities and participating in the elections in order to legitimize their institutions."

The URNG "command" believes that even though there is a "critical" situation in the country, the starting point for a democratic transition would be for citizens to active participate on the basis of a new political alternative and to hold transparent and credible elections. "It is legitimate and feasible to promote the development of a democratic and national alternative as the basis for a sound and durable peace and social justice", the communique stresses.

The URNG, which is holding peace talks with the government this year, says that the peace process and the agreements reached with the president, as well as the struggle for social improvements, "are making possible a change in the Guatemalan situation in favor of its people."

The URNG stresses that during the upcoming November elections people should not accept an electoral battle in which only those who represent and guard interests and objectives contrary to society's needs participate. "Any kind of passive attitude should be avoided in order to prevent a few from deciding and electing in the name of the majority," the URNG warns. Abstentionism during congressional elections held last August reached 80 percent. The URNG stresses that only a "democratic and national" alternative is capable of creating minimum basic conditions to fight — through ballot boxes and votes — for local and departmental government positions against those who have traditionally held them.

The guerrillas do not say in the communique whether they will take part or support any party in the November general elections for president, vice president, congress deputies, and mayors.

The URNG says that if a national democratic force, and "not just a election machine [electorera]" is actually created, it would be the first time in 40 years that efforts had come together to achieve democracy, demilitarization, social justice, well-being, development and institutional legitimacy. "This is a big challenge to the Guatemalan people in their battle for democracy," the guerrilla organization, whose "commanders" are exiled in Mexico, concludes.

Official Pleased With URNG Request

PA1805204895 Guatemala City LA REPUBLICA in Spanish 17 May 95 p 8

[FBIS Translated Text] After considering as "excellent" the invitation by the Guatemalan National Revolutionary Unity (URNG) for the Guatemalans to participate in the next general elections, Hector Rosada, chairman of the government's Peace Commission (Copaz), said the appeal should be heeded by "the country's nonviolent revolutionaries."

"I hope the nonviolent revolutionary sector will accept that the important thing is not to paint slogans on buildings or shout in the streets," Rosada said.

He also said he hopes the appeal issued by the URNG General Command will not remain as just words but will bring about an active participation.

On Monday, through a press bulletin of the CERIGUA news agency, the URNG called on Guatemalans to go to the polls and exercise their right to elect the country's leaders.

The guerrillas' call has surprised locals and foreigners, mainly because the URNG had been known to ask the people to abstain from voting.

According to Rosada, the insurgents' proposal is a sign that conditions have changed and that the best thing now is to reach power through democratic means.

He does not doubt the appeal will result in a larger number of voters, given that "the supporters" of the Left will go to the polls.

He said Guatemala's problem has always been a shortage of "people" rather than leaders, because "here everyone wants to be president and there are not enough people to do the electing."

As for the statement of one of the guerrilla commanders regarding the possibility of supporting a civic front headed by President Ramiro De Leon Carpio, Rosada said he is not surprised beause De Leon "is the most honest and goodwilled person" the country has had in recent times.

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"Much of the progress in the consolidation of the democratic system has been due to President De Leon Carpio's capability," Rosada added.

Nicaragua

Kruger Terms Possible Conditions on U.S. Aid 'Worrisome'

PA1805223595 Managua LA PRENSA in Spanish 16 May 95 pp 1, 10

[Article by Maria Elena Palacios]

[FBIS Translated Text] Commenting on U.S. Congressman Robert Torricelli's bill to place conditions on U.S. aid to Nicaragua, Foreign Cooperation Minister Erwin Kruger said it is worrisome to see foreign aid hurt by the internationalization of Nicaragua's internal political problems.

For many years, Nicaraguans living in exile and U.S. citizens whose properties were expropriated have objected to U.S. aid and have asked the U.S. Congress to make the aid conditional upon the payment of compensation for expropriated properties.

The United States has reduced its aid to Nicaragua. The greatest disbursement, according to MCE [Foreign Cooperation Ministry] data, was more than $350 million in 1991, and this year aid is estimated at $25 million.

According to Kruger, however, the aid could increase if the United States approves the disbursement of $6 million in liquid foreign exchange to shore up the balance of payments. This figure will represent 5 percent of the total amount of aid, estimated this year at $550 million.

Although U.S. aid has been decreasing, Kruger feels it continues to be significant but said he cannot foresee "dire omens with respect to aid" for the next two years.

Congressman Torricelli recently introduced an amendment in the House of Representatives placing a number of conditions on U.S. aid to Nicaragua for the 1996-97 period.

According to the bill, the United States will not disburse funds to Nicaragua during those years until political killings are clarified, specifically those of Jean Paul Genie, Arges Sequeira Mangas, and Enrique Bermudez.

The amendment demands a completion of the investigations into the Santa Rosa arms cache, compensation for U.S. citizens whose properties were expropriated, and amendments to the judicial system.

On this matter, Kruger said the Nicaraguan Government has advanced on those topics and is willing to solve the property issue and clear up political crimes.

Parties, Government Discuss Electoral Council Composition

PA1905044895 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 18 May 95

[From the "National Newscast"]

[FBIS Translated Text] [Station announcer] The executive and the political parties have concluded their first round of talks to negotiate the composition of the Supreme Electoral Council. At least eight political parties attended this round.

[Begin recording] [Unidentified reporter] The round of meetings the Executive Branch held with political parties continued this afternoon. Representatives of the National Action Party, Nicaraguan Conservative Party, Sandinist National Liberation Front [FSLN], Nicaraguan Democratic Movement Party, and National Conservative Action Party attended.

President Violeta de Chamorro, Presidency Minister Antonio Lacayo, Labor Minister Francisco Rosales, Presidency Minister Adviser Julio Cardenas, and other government officials represented the government.

Commenting on the meeting, the political parties' representatives said:

[Social Christian Party President Erick Ramirez] We fully agree with the government, the executive, that we must exhaust all possible means to hold a national dialogue where the political parties that truly want a solution to the current crisis will find some points we can all agree on.

[FSLN Secretary General Daniel Ortega] It is significant that the various political parties are discussing the crisis with the government.

[National Action Party President Duilio Baltodano] I understand that this meeting has been very useful and beneficial for the sides that attended. In addition, the bases have been set for future understanding. [end recording]

Panama

Legislators Accuse U.S. Government of 'Violating' Treaties

PA1805190995 Panama City EL PANAMA AMERICA in Spanish 18 May 95 p E-20

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] The Canal Affairs Commission of the Legislative Assembly yesterday accused the U.S. Government of violating the Torrijos-Carter Treaties, by

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suspending patrols that guaranteed the safety of canal-bordering areas of the Panama Canal.

The accusation came in the wake of a series of charges related to land invasions in the western sector of the capital.

According to Carlos Mendoza, president of the Interoceanic Region Authority (ARI), the patrolling was suspended, according to U.S. military versions, in the wake of the arrival of the Cuban rafters and change of command in the Southern Command.

"To our amazement, the U.S. Government told us that as a result of the problems created by the Cuban rafters' escape attempts, they had forgotten to protect the areas of military coordination," he explained.

He added that at the request of ARI the U.S. military promised to resume patrolling on 3 April. This promise, however, has not been kept.

Mendoza added that if the Southern Command resumed patrolling it has done so "so subtly that nobody sees patrols anywhere."

Meanwhile, Arnulfist legislator Lucas Zarak, member of the Canal Affairs Commission of the assembly, said this situation calls for a pronouncement to be taken before the appropriate international organizations.

"The gringos are Machiavellian, and in the long run they are going to turn over the reverted properties in poor condition, so that we will have problems administering them," Zarak stated.

According to Legislator Oyden Ortega, the United States has a responsibility: to turn over the Panama Canal in good working condition, and apparently this is not being fulfilled.

ARI Chairman Says Reverted Areas Not 'Booty'

PA1805153595 Panama City LA PRENSA in Spanish 17 May 95 p 1A

[Article by Rolando Rodriguez B. and Nubia Aparicio S.]

[FBIS Translated Text] Carlos Mendoza, chairman of the Board of Directors of ARI [Interoceanic Region Authority], has admitted the evident "negligence and ineptitude" displayed by de facto governments of the past in their handling of reverted properties, and he underscored that such properties will not become "political booty," as citizens questioned for a poll ordered by LA PRENSA stated.

In its 15 May edition LA PRENSA published the results of the poll conducted by the Dichter and Neira Firm in which 80 percent of the 1,214 persons polled said they are afraid that the reverted areas will become "political booty" while 74 percent of them said that these areas are not being properly used.

Mendoza noted that the poor opinion that Panamanians have about the use of reverted property is due to the failure of certain enterprises such as the railway, among others, that were returned mostly t[illegible]rnments that preceded the regime of Manuel Antonio Noriega, who is serving a 40-year sentence in the United States for drug trafficking.

Mendoza said that the ARI has not yet received any reverted properties other than the Coco Solo Hospital, which was sold to the Social Security Fund "and is being properly used."

Another "classic example of negligence and ineptitude," according to Mendoza, is the case of the buildings that used to house the School of the Americas in Colon that former President Guillermo Endara gave to the Colon Governor's Office in order to transfer all government office there, but this was also unsuccessful.

According to Mendoza, another guarantee for Panamanians that the reverted areas will not become political booty, a fear that is reflected by the poll, is that current ARI Administrator Nicolas Ardito Barletta accepted the post on the condition that his decisions not be questioned for political reasons only.

The new ARI administrator and Deputy Administrator Augusto Zambrano will be sworn in on 15 June.

The president of the ARI Board of Directors said that Ardito Barletta "accepted the post on the condition — which is nonnegotiable and enjoyed the full support of all members of the ARI Board of Directors — that no political party influence will be allowed within ARI."

Mendoza added that he is convinced that Panamanians have reacted in the way shown in the poll because of the administrative failures that they witnessed in the past.

Meanwhile, Ardito Barletta said that the poll results show that he will have to report systematically and continuously about the work of the ARI.

Ardito Barletta added that the successful management of ARI will depend to a great extent on community support, especially from business, professional, and labor groups, and the media, because it is everyone's duty to ensure the most responsible and productive use of the reverted areas.

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Argentina

Government Displeased by Senate Approval of Patents Bill

PY1905033295 Buenos Aires TELAM in Spanish 2346 GMT 18 May 95

[FBIS Translated Text] Buenos Aires, 18 May (TELAM) — High-ranking official sources today warned that the Senate's decision to partially uphold its position on the patents bill "was not received very well" by the government.

A source close to Eduardo Bauza, secretary general of the presidency, said that "the Senate's decision was not received very well."

The same spokesperson warned that the executive branch "will insist" on all the vetoes when the bill is debated in the Chamber of Deputies.

Through Horacio Liendo, the legal and technical secretary, the Economy Ministry expressed the same position. Liendo said that "we hope that the Chamber of Deputies does not have the same opinion as the Senate."

Liendo hopes that the deputies will "correctly" evaluate "the GATT treaty and analyze the contradictions" that apply to the law that has been approved by Congress.

The Senate last night partially upheld the articles that had been vetoed by the executive branch, and insisted on the article pertaining to an 8-year delay in paying royalties on the invention of pharmaceutical products, one of the law's most controversial aspects.

The veto applied by the executive branch was based on the need to respect GATT terms regarding patents.

Argentina is a signatory to that agreement, which, according to the new Constitution, grants the treaty a significance that is higher than any national legislation.

At the end of today's cabinet meeting, Foreign Minister Guido Di Tella was also consulted on the Senate's decision, and he answered: "We are and continue to be concerned, because there are problems of compatibility with GATT."

Moreover, when consulted about the 8-year grace period, he said that "although we consider it to be disproportionate, it is a matter that is compatible with GATT."

Meanwhile, in the Chamber of Deputies, which must now debate the topic, the Radical Civic Union bloc has asked for a special session on 23 May in order to speed up the debate on the vetoed law.

The request was made through a note that the president of the Radical bloc, Raul Galvan of La Rioja Province, sent to the president of the chamber, Alberto Pierri.

Pharmaceutical Labs Hail Senate Patents Bill Vote

PY1805233595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1417 GMT 18 May 95

[FBIS Translated Text] Buenos Aires, 18 May (NA) — The Argentine Industrial Center of Pharmaceutical Laboratories (CILFA) today expressed its approval of the Senate's partial rejection of the executive branch veto against the patents bill, which regulates the payment of royalties in this sector.

CILFA Executive Director Pablo Challu emphasized: "We are happy because pursuant to constitutional provisions an institutional course has been followed against the executive branch veto."

In remarks to a radio station Challu noted that despite the fact that the Senate "approved the partial veto of some articles, we believe the bill's essentials have been preserved."

Challu was confident that "the U.S. Embassy would not react," as "every country has its own institutions and they must be respected."

Challu emphasized that the legislators had accepted the deletion of Article 42, "which was the most bothersome" for the United States as it established that it was mandatory to manufacture patented products locally.

Menem Condemns 'Bloodthirsty' Former Terrorist Leaders

PY1905011295 Buenos Aires TELAM in Spanish 1458 GMT 18 May 95

[FBIS Translated Text] Cordoba, 18 May (TELAM) — President Carlos Menem today called terrorist Enrique Gorriaran Merlo a bloodthirsty criminal, and pointed at him as being among those responsible for the wave of violence that broke out in Argentina in the 1970's.

Menem told Radio Universidad de Cordoba: "He is among those criminals who are completely unrestrained. They are cold and bloodthirsty. They even give themselves the pleasure of elaborating on how they carried out some actions."

The president believes that the broadcasting of the terrorist's televised interview served "as a demonstration for those who are still attempting to defend these scoundrels — and who obviously are not right — that they actually did unleash a huge wave of violence in Argentina."

Menem added that both Gorriaran Merlo and former Montoneros leader Mario Firmenich "acted in an identical manner, killing and putting our country in dramatic situations, and pulling it into the so-called dirty war."

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Concerning Firmenich, the president said: "He at least surrendered, lives in Argentina, and served part of his sentence. Afterwards, he was pardoned. The actions carried out by them (the two former terrorist leaders), however, are equally serious."

Again condemning the terrorist activities carried out in the 1970's, Menem noted in conclusion: "All crimes, and especially these kinds of action, are unreasonable."

Fugitive ERP Terrorist Gorriaran Interviewed

PY1905004795 Buenos Aires TELAM in Spanish 0005 GMT 18 May 95

[FBIS Translated Text] Buenos Aires, 17 May (TELAM) — Terrorist leader Enrique Gorriaran Merlo today assumed entire responsibility for the attack against the La Tablada barracks. Gorriaran gave details of the assassination of Anastasio Somoza in Asuncion, adding that he was not sorry for the crimes committed by the People's Revolutionary Army [ERP].

The historical leader of the most important Marxist guerrilla movement of the 1960's justified the bloodshed resulting from the attempt to take over the La Tablada military barracks on 23 January 1989, saying that the operation sought to thwart an alleged "painted face" military revolt against the Raul Alfonsin administration.

Gorriaran said: At that time "we had connections with Radical [Radical Civic Union] and Peronist [Justicialist Party] politicians as well as with people close to the painted face group."

One of the things I recall is [businessman] Jorge Sivak's activities. He used to arrange meetings with entrepreneurs, politicians, journalists, and economists on behalf of [painted face leader Colonel Mohamed Ali] Seineldin," Gorriaran added.

The terrorist leader said that according to "secret information in our possession that I cannot reveal" the painted face group "was preparing a revolt to force Alfonsin to resign, to liberate the commanders under arrest, to assume control of the Army, and to become the main power factor."

"I commanded the operation. I fought at the entrance and around the barracks," the guerrilla leader said. Gorriaran Merlo is a fugitive from Argentine justice. He was indicted for his responsibility in this attack, the resulting death of 39 people, and the disappearance of three.

Gorriaran Merlo said during the televised interview that Nicaraguan citizen Jose Mendoza died inside the Army barracks. Mendoza's identity and participation in the attack had not been known until this day.

Telefe [Telefe LS84 Television Network] broadcast a special program with Gorriaran Merlo's image and testimony on 17 May. The interview with the guerrilla leader was filmed by journalists Nestor Macchiavelli and Raul Garcia at an undisclosed location in Argentina.

"We knew we could not reach our objectives, but we could stop the revolt. The plan was a general failure and the cost was too high," Gorriaran said in adding details about the incident.

Gorriaran added that for over two years he has avoided watching any television images or journalistic reports on La Tablada. "I felt pain, and powerless over what was being said," he said.

Gorriaran Merlo also offered details about the planning and execution of the assassination of Nicaraguan dictator Anastasio Somoza in Asuncion, Paraguay, in December 1980.

Gorriaran said he carried out the attack with Roberto Sanchez and Hugo Irurzun (alias Santiago), who was later captured and killed by the Paraguayan police.

Gorriaran said he masterminded the attack, though making it clear that he had obtained the approval of the Sandinist regime that was ruling Nicaragua at the time before carrying it out.

"We had the idea of killing Somoza. We talked to the Sandinists about it and they approved the plan," Gorriaran said with respect to the so-called "Reptile Operation."

The terrorist said the attack's planning took "eight months of work" in practicing shooting in Colombia and studying Somoza's house in Asuncion.

Gorriaran said that Irurzun fired a bazooka mounted on his shoulder against the car carrying the overthrown dictator, but he "missed" the first shot.

"When I saw him (Irurzun) on the floor replacing the used rocket with a new one, I decided to fire the entire 30-shot cartridge of the M-16 rifle I had with me at Somoza," Gorriaran said.

During the interview Gorriaran also talked about his escape from the Rawson prison in August 1972, a plan "that was possible thanks to gringo Menna's [not further identified] relations inside the prison with a guard called Fazio who brought us 10 Browning pistols."

The terrorist leader said they used the armaments to take over the prison, adding that Fazio "was going to get 10 million pesos for his work."

"Half of the money had to be paid after the escape. That was when the Army learned about the deal," Gorriaran said.

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He added that "we learned later that a person, obviously from the Army, visited Fazio at his home, saying that he was bringing him the rest of the money. He asked the person to come in, as if he was accepting the situation, and that is when he got arrested," Gorriaran said.

Gorriaran also mentioned the kidnapping in December 1973 of Esso General Manager Victor Samuelson. "We were convinced he was Rockefeller's child born out of wedlock." We received a record payment of $14 million for him.

"We had asked $10 million to liberate him, plus the granting of some workers' demands, but the company negotiator was able to dominate our man and we had to change him," Gorriaran said.

The terrorist leader added that "we formed a squad to receive the money, and 25 comrades armed with FAL's [light automatic rifles] protected the collection point. It was a mountain of money — $20, $50, and $100 bills — that I never saw again," Gorriaran said.

Asked about the attempt to establish a guerrilla base in the hills of Tucuman in 1975, in what is known as one of the most audacious plans developed by the organization, Gorriaran said: "We wanted to organize an increasingly powerful military unit capable of launching a decisive battle against the Army."

With respect to the kidnapping and assassination of Fiat of Argentina's President Oberdan Salustro in April 1972, Gorriaran said he believed Oberdan "was killed by a comrade" and regretted the incident because "perhaps it was not necessary."

"But you must consider the context in which we were operating, because the police were very aggressive with us, and Luis Pujals [not further identified] had also disappeared," Gorriaran said.

The terrorist leader said: "All ERP military operations were authorized and had the ERP national directorate's knowledge." Gorriaran said the assassination of General Juan Carlos Sanchez in Rosario the same day of Salustro's killing was the "first joint action" between the ERP and the Revolutionary Armed Forces [FAR], although this was only "by chance."

"Our ERP comrades were watching Sanchez' movements when they stumbled into other comrades who were not ERP members, but who were also doing the same thing. Then we decided to carry out the operation jointly," Gorriaran said.

The terrorist leader also said that he had been the one to lead the frustrated attack on the Azul military barracks in January 1974. "We chose Azul because of the number of arms in the barracks. Some 100 comrades took part," Gorriaran said.

The terrorist also said that he was "more sensitive than I appear to be, because it is hard for me to show what I feel."

"I am not sorry for what we did in general terms," Gorriaran said. He demanded, however, that "corrupt people, torturers, criminals, and murderers" recognize their mistakes.

Camilion: UK Arms Embargo Damages Argentina

PY1805215295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1959 GMTnn 17 May 95

[FBIS Translated Text] Buenos Aires, 17 May (NA) — On 17 May Defense Minister Oscar Camilion denied that he intends to request of the government "an increase in the defense budget in the course of this year."

To that effect, Camilion asserted that he will not advocate "any increase in appropriations beyond the authorized expenditures" included in the 1995 budget approved by Congress. He nonetheless pledged to "improve the allocation of financial resources."

The defense minister made these remarks during a ceremony held at the northern dock of the port of Buenos Aires to mark Navy Day.

During the ceremony, in which the relatives of soldiers who fell in the Malvinas war of 1982 were presented with diplomas, Camilion commented on current relations between Argentina and the United Kingdom concerning sovereignty over the Malvinas islands.

The defense minister contended that he agrees with the remarks voiced by Foreign Minister Guido Di Tella, who said that relations between the two countries are friendly "except for the issue of the Malvinas Islands."

Camilion added that "the UK embargo on the sale of weapons to Argentina has brought about a significant deterioration of our image at the international level." He was thus of the opinion that the Argentine Government ought to continue "to insist through diplomatic means on the lifting of this embargo."

He went on to say that "this will contribute to improving the present climate" between the two countries.

Concerning the control of international fishing in territorial waters, the defense minister estimated that the exclusive economic zone "is bound to be extended beyond the 200 mile limit, as international law is progressing in that direction."

The minister acknowledged that "there is no doubt whatsoever that there is predatory fishing within the

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Argentine exclusive economic zone and near the border between the Argentine Sea and the Atlantic Ocean." Nevertheless, he assured that the "decisions to be taken to that effect must be of a political nature."

Camilion Hopes Fisheries Control Extends Beyond 200 Miles

PY1805182995 Buenos Aires TELAM in Spanish 2010 GMT 17 May 95

[FBIS Translated Text] Buenos Aires, 17 May (TELAM) — On 17 May, Defense Minister Oscar Camilion was confident that control of offshore fisheries will be extended "in some way or another beyond the 200-mile limit" so as to prevent predatory fishing.

Camilion contended that "there is no doubt whatsoever that there is predatory fishing on the borders of our exclusive economic zone, which affects Argentine interests. The international community must be concerned about the preservation of maritime resources."

The defense minister made these remarks following the ceremony held on the observance of "Navy Day." In his speech, Navy Chief of Staff Admiral Enrique Molina Pico had voiced the opinion that this situation constitutes a "veritable conflict" for our country.

Camilion asserted that Argentina "will need to have at its disposal the necessary financial resources to defend" the ichthyofauna so as to stave off conflicts similar to the one involving Canada and Spain.

Upon being asked about the resources he mentioned, Camilion replied that such a measure must stem from a "political decision analyzed by the Foreign Ministry, the Defense Ministry, the Agriculture, Livestock, and Fishing Secretariat, and the Navy."

He warned that "one should exercise extreme caution in this matter because it is of utmost importance that we prove that international law is something dynamic and that in international waters, one cannot just do whatever one feels like doing."

"The fact of the matter is that there is a real conflict between the countries that want to conserve their natural resources — even those of the entire human race — and those that are proposing indiscriminate fishing practices," he pointed out.

The defense minister said "he did not know" whether there was a "special contact" with the United Kingdom to discuss fishing around the Malvinas Islands, but he did not rule out the possibility that both countries' foreign ministries should be holding talks on maritime resources in the South Atlantic, as "they are on good terms."

Camilion argued that "natural resources must be defended with available resources," adding that "we must be cautious about the use of these resources."

"We must bear in mind that the countries that may be harming our interests are the ones with which we had friendly diplomatic relations," he explained.

The minister deemed that next year, it will be "necessary" to demand additional funds for defending our ichthyological resources. We cannot expect any additional funds in this year's budget."

In concluding, Camilion stated that the subject of fishing "will sooner or later come to the forefront of world attention."

Bolivia

Foreign Minister Comments on Extradition Treaty With U.S.

PY1905023895 La Paz Television Nacional Network in Spanish 1700 GMT 18 May 95

[FBIS Translated Text] Foreign Minister Antonio Aranibar has stated that Bolivia and the United States are still negotiating the drafting of a bilateral extradition treaty.

Last week, Bolivian Justice Minister Rene Blattmann and an official government delegation met with U.S. Justice Department officials to discuss a draft of the extradition treaty. The Bolivian Government submitted this week its proposals to the U.S. Government on the basis of this draft.

One of the most controversial issues about this extradition treaty is the issue of retroactivity.

[Begin Aranibar recording] We have not discussed this treaty solely on the basis of drug-trafficking crimes, but on more general terms. I believe we have found a solution that safeguards national interests and Bolivian laws. [end recording]

According to Foreign Minister Antonio Aranibar, Bolivia and the Untied States share similar views on several issues, which will have helped them in achieving an extradition treaty that will safeguard their mutual interests on the basis of important amendments to the 1900 treaty.

[Begin Aranibar recording] This new treaty seeks to encompass more modern international law and reflect the modernizations our two countries have experienced at national and international levels. We have made some adjustments, but numerous measures remain unchanged. [end recording]

Reporter Amalia Pando will also inform us on the same issue, the lack of a Bolivian-U.S. extradition treaty.

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[Begin recording] [Pando] Foreign Ministry legal adviser Saul Lara and Justice Ministry officials have been entrusted with negotiating with the Americans the contents of the next extradition treaty.

[Lara, in progress] ...the technical team will be holding a second meeting within the next few days here in Bolivia, during which we will certainly achieve quite a lot of progress. This treaty will obviously safeguard Bolivian interests and offer juridical guarantees to Bolivians in general.

[Pando] Saul Lara informed us that the draft under discussion summarizes the controversial issues that the two countries have been discussing over the last five years.

[Lara] This new treaty is comprised of the best points included in the 1990 treaty, positive issues included in the 1993 treaty, and follows the format of the UN treaty...

[Pando, interrupting] With this new extradition treaty, the DEA agents will be categorically unable to kidnap Bolivians under any circumstances.

[Lara, in progress] ...a fair and sovereign treaty that will serve as a procedural tool to combat crime. [end recording]

Police Raid Jail, Force Union Leaders to Lift Fast

PY1805180895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 18 May 95

[Report by Rogelio Pelaes]

[FBIS Translated Text] In its own manner, government violence is consolidating democracy in Bolivia. Another affirmation of this style of government occurred last night after 2130 when policemen raided the women's jail because of a riot.

The inmates staged a riot to prevent officials from forcing arrested union leader Wilma Plata to lift the fast she has been staging since 10 May.

The policemen achieved their objective at 2350 when Wilma Plata was transferred, via a police medical vehicle, to the (Reinger) clinic located in Sopocachi. Here Wilma Plata will be undergoing rehabilitation treatment in view of her delicate state of health.

The government conducted a similar operation at the San Pedro penal building, where they forced two other union leaders to suspend their fast: La Paz Teachers' Union leaders Gonzalo Soruco and Jose Luis Alvarez. They were transferred to two separate medical centers. According to Estanislao Aliaga, the La Paz Teachers' Federation executive secretary, Soruco was hospitalized at the Santa Maria Clinic, while Alvarez was hospitalized at the Asuncion Clinic.

Plata, Soruco, and Alvarez staged a fast to demand the release of the six La Paz Urban Teachers' Union who had been arrested. Plata, Alvarez and Soruco, are still under arrest while the other three — Yolanda Vargas, Estanislao Aliaga, and Luis Copeticon — were released in the past few days.

Brazil

Cardoso Firm in Not Negotiating With Oil Workers

PY1805181095 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 18 May 95

[FBIS Translated Text] President Fernando Henrique Cardoso demanded that the oil workers obey the law and immediately return to work. This morning he received political party leaders in Planalto Palace.

By petition of the Oil Workers Sole Federation, the leaders of the PFL [Liberal Front Party], PMDB [Brazilian Democratic Movement Party], PSDB [Brazilian Social Democracy Party], PT [Workers Party], PDT [Democratic Labor Party], and PPS [Popular Socialist Party] came this morning to Planalto Palace to talk with President Fernando Henrique Cardoso. Most of the leaders want the oil workers to return to work in compliance with the court decision.

President Cardoso told the political leaders that he will not negotiate with them, that the law must be obeyed, and that the oil workers must return to work.

According to a Petrobras [Brazilian Petroleum Corporation] report that arrived early this morning in the Mines and Energy Ministry, 5,000 oil workers have returned to work since yesterday. Of the 47,500 oil workers who were on strike, 30,000 have already returned to work.

Mines and Energy Minister Raimundo Britto today said that Petrobras has been ordered to deduct the days not worked from the workers' salary on 25 May.

According to Petrobras the supply of kitchen gas and fuel is more delicate in the states of Rio de Janeiro, Sao Paulo, Rio Grande do Sul, Santa Catarina, and Parana.

Committee Approves Separate Articles of Patents Bill

PY1805152795 Sao Paulo AGENCIA ESTADO in Portuguese 1702 GMT 17 May 95

[FBIS Translated Text] Brasilia, 17 May (AE) — The Senate Constitution and Justice Committee (CCJ) has just finished voting on the different separate articles of the patents bill. After approving the bill presented by

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rapporteur Senator Ney Suassuna (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo], the CCJ also approved its separate articles with few changes in comparison with the original bill. The senators approved the parallel importation of products to prevent distributors from holding monopolies. The issue on microorganisms will be defined through a complementary law. The bill must now be approved by the Senate Economic Affairs Committee. Government leader in the Senate Elcio Alves (PFL-ES) [Liberal Front Party-Espirito Santo] believes that by the end of June, the bill will be approved in the Senate from where it will pass to the Chamber of Deputies.

Foreign Minister Comments on Patents Bill

PY1905020595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 May 95 p A2

[Commentary by Foreign Minister Luiz Felipe Lampreia]

[FBIS Translated Text] We are witnessing a good restart to the constitutional reform process. The reforms, particularly those dealing with the chapter On Economic Order, will have a strong direct and immediate impact on Brazilian foreign relations: They will consolidate the positive signal that Brazil has sent to the international arena after the implementation of the Real Plan and after the election of President Fernando Henrique Cardoso. Yet the reforms do not limit themselves to improving the Constitution. Some of them update the legislation for meeting the challenges of foreign competitiveness, of attracting productive investment — this means more and better jobs and more wealth — and of gaining access to technology that is essential for our economic and social development. In this area the reform will also modernize the intellectual property legislation, an objective that the government is trying to accomplish in partnership with Congress.

When the Brazilian Government outlined the guidelines of a new industrial policy, it was clear that the new policy called for the definition of more rigorous parameters for protecting intellectual property rights, in order to promote technological innovation and foreign and domestic productive investment. For this reason the government proposed broad modifications to intellectual property laws, on the basis of the new international trends that were later consolidated in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs), which was negotiated within the context of the Uruguay Round of the GATT talks. This agreement, along with all the others that were reached during the Uruguay Round, has already been incorporated into Brazilian legislation.

The reform, which was begun in 1991, encompasses a draft bill on industrial property (PLPI) known as the "patents bill," and draft bills with modifications in the areas of software, integrated circuits, and copyright, which were submitted in 1991 and 1992 and are still being studied.

It is not enough for Brazil to have an advanced industrial property legislation in order to make productive investments grow. Other factors, (size of the market, manpower qualification, economic stability) are also relevant for attracting capital to Brazil. Yet without new industrial protection laws, technological research investment will be driven away from Brazil, in search of countries where industrial property is protected.

At the discussions on the "patents bill" there are some repeatedly wrong perceptions that must be corrected. One of them deals with the rejection by the European Parliament of a European Union [EU] regulation on biotechnology. This rejection did not imply canceling or prohibiting biotechnological patents in Europe. The objective of the regulation was only to harmonize the various biotechnological patent laws of EU members. The regulation was rejected because of the possibility for patenting parts of human beings, animals, and plants, which is not considered in our plans.

Brazil is seeking examples of similar legislation for the biotechnological sector in other countries. Because of its technological development Brazil is a possible candidate for direct investment in the production of goods and in technological research. With Mercosur [Common Market of the South] and with a new industrial property law, Brazil — which has the biodiversity of the Amazon and is developing tropical and subtropical technology — can expect to play a leading role in the sector.

Adoption of the pipeline [preceding word in English] (a temporary protection provided for by the TRIPs agreement for pharmaceutical products and agricultural chemicals that were not registered in a country because domestic laws did not include them) will not generate retroactive payment of royalties by national enterprises. It will not apply when there have been extensive and effective preparations for manufacturing the product in Brazil.

The fact that Brazil has not granted patents in the pharmaceutical sector for many years has not helped national industry. Brazil is today a backward country in terms of pharmaceutical research. Furthermore, the country has been a victim of the lack of protection of intellectual property rights. Brazilian trademarks are being illegally used in Latin American and developed countries. The Caninha Pirassununga 51 trademark, the most widely sold in the world, has been a victim of piracy. Brazilian

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rum exporters find it difficult to sell their product in Europe, where "cachaza" [rum] and "caipirinha" [a Brazilian alcoholic drink], which are generic words, have been registered as trademarks. Compliance with international agreements on intellectual property rights will help reduce that kind of distortion, and should benefit countries like Brazil, which has a dynamic industrial economy and diversified cultural production.

The draft bill approved by the Chamber of Deputies provides for safeguards against patent rights abuse, impeding inappropriate action by large enterprises that make it difficult for the poorer sectors to have full access to medicines, for example.

If the PLPI is put into force in 1995, it will be four years after having been submitted in 1991. This period has been long enough for discussing and improving it. There is no reason to delay even further the approval of the "patents bill" in Brazil. It is also necessary to take into account that the safeguards provided for in the bill (compulsory licenses, expiration, abusive use of economic power) will bring concrete benefits only if immediately enforced.

Approval of the PLPI and of the related bills within the context of a well structured, consistent industrial policy will benefit domestic inventors' activities and will give us more capacity for absorbing and producing technology, which is essential for achieving and for maintaining competitive advantages in a global economy run by the WTO. Along with the other reforms that are under way, the "patents bill" will give us new strength to consolidate growth with social and technological progress.

Brazil cannot run the risk of remaining on the sidelines of the main world economic-commercial flows, indefinitely sentenced to technological backwardness and with restricted access to productive investment, which generates jobs. Like the reforms, which started so well, the approval of the "patents bill" is also a priority for Brazilian foreign policy.

Plan To Withhold Coffee for Price Control Endorsed

PY1805162895 Sao Paulo AGENCIA ESTADO in Portuguese 2017 GMT 17 May 95

[Report by Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 17 May (AE) — Brazil today endorsed a decision by the Association of Coffee-Producing Countries (APPC) to withhold 20 percent of coffee exports as of 1 June. According to APPC President Rubens Barbosa, who is also the Brazilian Ambassador to the United Kingdom, the Brazilian negotiators, including Economic Coordination Secretary Jose Milton Dallari and Brazilian businessmen, accepted the coffee withholding and pricing policies approved last March by the APPC, which are already being respected by several countries.

During the APPC meeting that took place in London today, Brazil presented its agenda for selling its coffee stocks, which was approved by the 29 member countries of the APPC. According to Barbosa, Brazil sells its stocks in lots of 250,000 sacks every time the price of coffee reaches 147 reals per sack in Brazil and $1.90 per pound on the international market. "The Brazilian position was applauded because of its transparency and its new coffee policy," Barbosa told AGENCIA ESTADO over the phone, from London.

The Brazilian delegation reports that Brazilian coffee stocks amount to 14.5 million sacks. Barbosa also reported that the coffee retention policy to control coffee prices on the international market will also be observed by Colombia through its offices in New York.

The ambassador said that as of today, the APPC ceased being an informal organization and became the official institution of the coffee producing countries. "Now we will begin to study where we will establish the APPC headquarters, and how to raise funds to maintain it," he said.

Colombia

President Presents Peace Proposal to Guerrilla Groups

PA1905025895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 19 May 95

[Report by Juan Carlos Mateus; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] With the government's proposal for a peace process with the guerrillas seeming to have little success, President Ernesto Samper laid his cards on the table today to see if the armed groups would accept the proposal. Today in Bucaramanga, the president, his peace commissioner, and his defense minister explained how things stand with each of the groups.

As for the FARC [Revolutionary Armed Forces of Colombia], the government promised today to demilitarize La Uribe, Meta Department indefinitely as soon as there is a clear commitment to dialogue.

[Begin Samper recording] The government would demilitarize La Uribe Municipality during a specific time period and would assemble its troops in the municipal capital to initiate the negotiations in an area that would,

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of course, have all the guarantees of mobilization, access, and permanence. [end recording]

Meanwhile, Defense Minister Fernando Botero said that even though the Army would withdraw from the rural areas, it would assemble in the municipal capital of La Uribe.

[Begin Botero recording] The Army would assemble in the municipal capital in the event we could clearly confirm the guerrillas' commitment to peace. [end recording]

As for the ELN [National Liberation Army] and the EPL [Popular Liberation Army] dissident groups, the government is willing to first discuss the humanization of the war. That means it would not involve the civilian population in clashes and would eliminate booby traps, bombings, kidnappings, extortion, and human rights violations.

[Begin Peace Commissioner Carlos Holmes Trujillo recording] Efforts would be focused on preventing the suffering of noncombatants and eliminating war practices that the country definitely rejects. [end recording]

A permanent forum for peace will also be installed. It will review the peace process with the groups, including the Jaime Bateman Cayon group, which has expressed its willingness to participate in the dialogue.

FARC Sends President Proposal To Start Peace Talks

PA1805170495 Madrid EFE in Spanish 1828 GMT 17 May 95

[FBIS Translated Text] Barranquilla (Colombia), 17 May (EFE) — Bernardo Hoyos, a priest and former Barranquilla mayor, reported today that the Revolutionary Armed Forces of Colombia (FARC) have sent the government a proposal requesting that a Meta municipality be demilitarized in order to start bilateral peace negotiations.

The message, addressed to Colombian President Ernesto Samper, was sent to Father Hoyos, who was on the mediating team that helped liberate last Thursday Swedish surveyors Danny Applegate and Tommy Tyrving, who had been kidnapped by the FARC in December 1994.

In statements to the Radio Cadena Nacional station, Hoyos said the rebels proposed that talks with the Samper Administration be initiated immediately. This administration, however, announced in its inaugural ceremony on 7 August 1994 that it would only hold a dialogue with the guerrillas when there were conditions for "stable and lasting" peace.

Hoyos, a suspended Salesian priest who was the mayor of the Caribbean city until last 1 January, asserted that he will deliver the rebels' proposal to the chief of state next week.

"The guerrillas have always stated their unalterable will for peace, and the only thing they want is for the government to show the same will for peace," Hoyos said and disclosed that the document had been sent by mail to his house.

He added that the FARC document, of whose authenticity "there is no doubt," requested that the government totally withdraw the Army from La Uribe municipality (central Meta Department), which is where the subversive organization has its general command post.

Hoyos said the guerrillas believe "this would be a gesture of goodwill by the government to start a meeting for which the Colombians yearn" and announced that he will deliver the document to President Samper next week.

The FARC document appeared just as Carlos Holmes Trujillo, who is President Samper's high commissioner for peace, announced that he will present his second report on the conditions to renew talks with guerrilla groups, which were suspended in May 1992.

Newspaper sources have indicated that, due to the apparent failure to achieve a rapproachment, President Samper will propose an ultimatum to the FARC and Army of National Liberation (ELN) rebels, before closing the possibility of dialogue.

The FARC, ELN, and a small dissident group of the Popular Liberation Army (EPL, dissolved in 1991) comprise the Guerrilla Coordinating Board (CNG), which held peace negotiations with the government of then-President Cesar Gaviria in 1991 and 1992. Those negotiations failed because of disagreements between the parties.

Although High Commissioner Trujillo declared last week that the guerrillas have not shown evidence of their desire for peace, the FARC criticized the government for having announced in April that it would reinforce the military sector with $2 billion to counter drug trafficking and guerrilla activities.

In the message sent to former Mayor Hoyos, the FARC indicated that it "gave a first step and showed evidence of goodwill" with the release of the Swedish technicians, who work for the "Skanska" Company that is building an electric power station in Cordoba (in northeastern Colombia).

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Government Suspends Imports of 4 Venezuelan Farm Products

PA1805180195 Paris AFP in Spanish 2229 GMT 16 May 95

[FBIS Translated Text] Bogota, 16 May (AFP) — The Colombian Government Tuesday suspended permits to import rice from Venezuela and adopted measures to counter contraband and protect the production of other farm products such as sugar, corn, and sorghum. The Foreign Trade Higher Council made the announcement to curb the crisis that the farmers of those four basic products are facing.

Agriculture Minister Antonio Hernandez explained that the Andean safeguard clause was invoked regarding imports from Venezuela and that a joint government and private sector commission was created to review supplies. In principle, it will authorize imports whenever they are advisable.

The safeguard clause that will be in force until next 31 December comes in respose to an oversupply in the local market, taking into consideration the current import permits from third countries and the local harvest.

In addition, Deputy Foreign Trade Minister Mauricio Reina stated that with regard to rice the safeguard clause was used after it was concluded that the serious problem lies in Vennezuela, as it happens with the other three products that were the target of protective action on Tuesday. The Council decided to impose the corrective measures on sugar, corn, sorghum, and their by-products, since in Venezuela, where the price tier system has not been implemented yet, total tariffs are smaller than those charged in Colombia.

As for sorghum and rice, the deputy minister announced a tariff- quota was set up so that a license to import corn will only be granted in proportion to sorghum sales. For that reason, the entry of those products from some border areas such as Cucuta and Arauca, in particular, was restricted.

To conclude, the Council deemed it appropriate for the Customs Directorate to keep the import documents once an operation has been conducted legally, to prevent the illicit practice known as "doubling" ["dobleteo"], that is, using the same import documents to represent different shipments of merchandise or more.

Peru

Ecuadoran Claims of Rio Protocol 'Faults' Denied

PY1905032595 Madrid EFE in Spanish 0015 GMT 19 May 95

[FBIS Translated Text] Lima, 18 May (EFE) — Peruvian Deputy Foreign Minister Eduardo Ponce denied today reports from Ecuador about the existence of two "confidential" documents showing "faults" in the Rio de Janeiro Protocol that established the borders between Peru and Ecuador.

Ponce said that the difficulties referred to in the 1942 documents "concern the technical problems that obstruct the demarcation of the Peruvian-Ecuadoran border."

Ponce added that the technical problems "were resolved through the formula of Brazilian ex-Foreign Minister Oswaldo Aranha and the arbitration ruling of Dias de Aguiar (in 1945) that put a definitive end to the disagreements that emerged in the process for implementing the border aspects of the Rio de Janeiro Protocol."

Ponce also pointed out that the demarcation made by Brazilian arbiter Dias de Aguiar "was fully corroborated two years later by the thorough air survey and the aerial photogrammetric map by the U.S. Air Force that was delivered to the Peruvian and Ecuadoran Governments in February 1947."

Ponce also clarified that the current meeting in Brasilia among high diplomatic officials of the guarantors of the 29 January 1942 Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) "does not have as its purpose the evaluation of aspects referring to the border segments between Peru and Ecuador that are still to be demarcated."

The report disclosed in Ecuador on 17 May indicated that Ecuador had sent to the diplomats of the guarantor countries meeting in Brasilia "two confidential documents of the U.S. State Department of February and April 1942 recognizing faults in the border treaty."

Ecuadoran Foreign Minister Galo Leoro said in this regard to his country's media that the documents were presented "for the review" of the deputy foreign ministers meeting in Brasilia.

The Peruvian Foreign Ministry released a note today saying that it is "false" that the documents are "secret" or "confidential."

A report from Quito indicated today that the Ecuadoran Government had not discarded the possibility of using in future negotiations the mentioned "confidential documents" of the U.S. State Department.

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"Let us not get ahead of events," said Leoro to the media about the sending of the documents to Brasilia. He then added that "this has nothing to do with the issue being discussed in Brazil, where only the demilitarization and the process in general are being evaluated" in reference to the pacification of the border region where Peru and Ecuador held a military conflict.

Ponce also said today that the Peruvian Government will, at the appropriate time, bring up "the issue of item No. 6 of the Itamaraty Peace Declaration, within the context of the irrevocable rights and obligations that the Rio de Janeiro Protocol and the arbitration of Dias de Aguiar imposed on Peru and Ecuador as well as on the guarantor countries."

Goldenberg To Attend Rio Group Meeting in Ecuador

PY1905033895 Madrid EFE in Spanish 0209 GMT 19 May 95

[FBIS Translated Text] Lima, 18 May (EFE) — Oswaldo Sandoval, president of the congressional Foreign Relations Committee, confirmed today that Peruvian Prime Minister and Foreign Minister Efrain Goldenberg will travel to Ecuador to participate in the Rio Group foreign ministerial meeting on 22 May.

Sandoval and the members of the Foreign Relations Committee today held a meeting with Goldenberg, during which the foreign minister explained the pacification and demilitarization process of the guarantor countries' mission of observers in the border zone where the recent armed conflict took place between Peru and Ecuador. Upon leaving the Foreign Ministry, where the meeting had been held, Sandoval said that Goldenberg told them he will go to the Ecuadoran capital to attend the meeting of the Rio Group foreign ministers.

The foreign ministers will meet in Quito on 22 and 23 May to pave the way for the meeting of the chiefs of state and government, which is to be held in Ecuador in September.

Ecuador this year assumed the pro-tempore secretariat of the Rio Group, which is made up of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela, and Trinidad and Tobago representing the Caribbean countries.

Uruguay

Chamber of Deputies Ratifies Mercosur Ouro Preto Protocol

PY1805172295 Buenos Aires TELAM in Spanish 2302 GMT 17 May 95

[FBIS Translated Text] Montevideo, 17 May (TELAM-SEM) — On the evening of 16 May, the Uruguayan Chamber of Deputies ratified the Ouro Preto Protocol, which regulates the institutional aspects of the Common Market of the South, Mercosur.

The approval in the Chamber of Deputies took place three and a half months after the Senate had ratified the aforementioned treaty, which will now be submitted to the Executive Branch for its promulgation.

As in 1991, when the Uruguayan Congress ratified the Treaty of Asuncion establishing the Mercosur, the Ouro Preto Protocol was approved with the votes of all the deputies from the Colorado and National — or Blanco — parties, as well as those from the Social Democratic Party New Sector Coalition.

The leftist coalition Broad Front voted in favor of the protocol "with some reservations," and two of its lawmakers belonging to the People's Participation Movement (MPP) — Tupamaros — voted against the protocol.

Jose Mujica Cordano, an MPP deputy and former Tupamaro guerrilla, argued that he was going to vote against the protocol "because he had doubts as to whether this type of institutional agreement could benefit Uruguay."

Finance Minister Announces Measures To Stimulate Exports

PY1805180295 Buenos Aires TELAM in Spanish 2304 GMT 17 May 95

[Report by unidentified TELAM correspondent]

[FBIS Translated Text] Montevideo, 17 May (TELAM-SEM) — Uruguayan Finance Minister Luis Mosca has announced tax measures aimed at stimulating exports and enhancing Uruguay's competitiveness within the Mercosur [Common Market of the South].

Mosca announced "the virtual elimination of the value-added tax (VAT) for the importation of capital goods and deductions of financial costs for the importation of equipment."

Mosca made these announcement in the course of a speech delivered at a ceremony organized by the Exporters Union yesterday evening. President Julio Maria Sanguinetti was also present at this ceremony.

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The finance minister reported that "the tax on fuel oil consumption will be eliminated and industrial employers' social security contributions will be reduced by 6 percent. Moreover, the reimbursement of indirect taxes on exports will be maintained throughout 1995."

The finance minister underscored "the importance of the Mercosur for the future of the Uruguayan economy."

He stressed that "our country's future is inextricably intertwined with the newly established customs union," and therefore, "we must take the necessary measures to promote the success of the integration process."

Venezuela

Finance Minister Urges Postponement of BCIE Membership

PA1905043095 Caracas ECONOMIA HOY in Spanish 17 May 95 p 4

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar told members of the Senate Foreign Affairs Committee, chaired by Haydee Castillo de Lopez, that he has recommended to Foreign Minister Miguel Angel Burelli Rivas and Carlos Bernardez, president of the Venezuelan Investment Fund (FIV), that the decision to join the Central American Bank of Economic Integration (BCIE) be postponed.

Matos Azocar based his recommendation on facts such as an analysis of the national financial situation in 1995 and projections for 1996. In his opinion, priority should be given to making payments to international organizations, especially payments in arrears. In fact, 254 billion bolivares in treasury bonds will be issued for that purpose. In addition, the Central Bank of Venezuela [BCV] has been asked to make a "dignified" move and pay the foreign debts we have owed since last year.

"This way we can establish a fund to gradually pay what falls due this year. Because of the way this participation is defined, it would create commitments for us. We would be subject to the policy of the BCV rather than to our own budgetary realities. The BCV could demand payment of the remaining 70 percent at any moment after the initial $20 million payment is made."

In view of this, he proposed that the Foreign Ministry assess the benefits of a counterproposal. He proposed that the $20 million trust with the FIV be capitalized and broader flexibility be achieved, allowing the payment of quotas with a two to three year grace period. Thus, a new agreement to this effect could be signed.

Haydee Castillo asked if such a postponement would affect Venezuela's position as signatory of the Association of Caribbean States. Foreign Ministry official Vicente Valenilla said it would occur indirectly.

"Not to participate in the bank would undoubtedly affect our foreign trade policy with Central America. Venezuela would experience a shortfall in its economic platform. To the extent that we fail to meet our foreign trade policy, our participation in integration mechanisms and relations with the Association of Caribbean States would be hindered."

After hearing the finance minister's explanation, the Foreign Policy Committee agreed to defer consideration of the topic and asked the Foreign Ministry to study with the BCIE the possibility of having the payments extended until 1997. "If the response is positive, Venezuela could join. Otherwise, everything indicates it would not be wise to join," Castillo de Lopez stated.

Government Seeks Greater Flexibility in Exchange System

PA1905043495 Caracas Venezolana de Television Network in Spanish 1550 GMT 18 May 95

[From "The News" newscast]

[FBIS Translated Text] Venezuelan Finance Minister Luis Raul Matos Azocar has said that so far the government have not considered the possibility of a dual exchange rate but has emphasized the need for the exchange system to be more flexible. Thus, the finance minister has put to rest doubts and expectations that arose over the past few days regarding possible changes in the exchange control system, which has been in effect since June 1994.

Matos Azocar added, however, that the government is looking for alternatives that will allow the exchange system to be more flexible. In other words, it is seeking alternatives that will eliminate the friction in the current system over issues such as imports and the repatriation of dividends.

[Begin Matos Azocar recording] I do not like to promise things that are not definite yet because I do not want to create false expectations. I can, however, guarantee that we will continue to look for alternatives to make the system more flexible. [end recording]

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